

ORIGINAL



0000079516

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

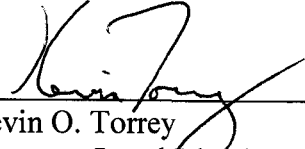
IN THE MATTER OF THE APPLICATION OF
ICR WATER USERS ASSOCIATION, INC.
FOR A PERMANENT RATE INCREASE.

DOCKET NO. W-02824A-07-0388

**NOTICE OF FILING
SURREBUTTAL TESTIMONY**

Staff of the Arizona Corporation Commission hereby files the Surrebuttal Testimony of
Charles R. Myhlhousen and Jian W. Liu, of the Utilities Division, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 21st day of December, 2007.


Kevin O. Torrey
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies
of the foregoing were filed this
21st day of December, 2007 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission

DOCKETED

DEC 21 2007

DOCKETED BY

AZ CORP COMMISSION
DOCKET CONTROL

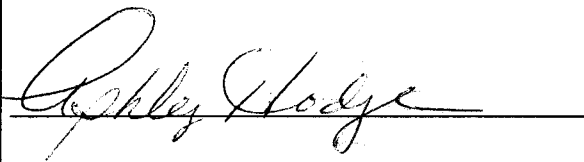
2007 DEC 21 P 2:33

RECEIVED

1 Copy of the foregoing mailed this
2 21st day of December, 2007 to:

3 Robert M. Busch
4 ICR Water Users Association, Inc.
5 P.O. Box 5669
6 Chino Valley, Arizona 86323

7 Robert J. Metli
8 Marcie A. Shuman
9 Snell & Wilmer, L.L.P.
10 One Arizona Center
11 400 East Van Buren Street
12 Phoenix, Arizona 85004-2202
13 Attorney for ICR Water Users Association, Inc.

14 
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SURREBUTTAL

TESTIMONY

OF

CHARLES R. MYHLHOUSEN

JIAN W. LIU

DOCKET NO. W-02824A-07-0388

**IN THE MATTER OF THE APPLICATION OF
ICR WATER USERS ASSOCIATION, AN
ARIZONA CORPORATION, FOR
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES FOR UTILITY SERVICES**

DECEMBER 21, 2007

BEFORE THE ARIZONA CORPORATION COMMISSION

MIKE GLEASON

Chairman

WILLIAM A. MUNDELL

Commissioner

JEFF HATCH-MILLER

Commissioner

KRISTIN K. MAYES

Commissioner

GARY PIERCE

Commissioner

IN THE MATTER OF THE APPLICATION OF)
ICR WATER USERS ASSOCIATION, AN)
ARIZONA CORPORATION, FOR)
DETERMINATION OF THE CURRENT FAIR)
VALUE OF ITS UTILITY PLANT AND)
PROPERTY AND FOR INCREASES IN ITS)
RATES AND CHARGES FOR UTILITY)
SERVICES)

DOCKET NO. W-02824A-07-0388

SURREBUTTAL

TESTIMONY

OF

CHARLES R. MYHLHOUSEN

PUBLIC UTILITIES ANALYST III

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

DECEMBER 21, 2007

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
RESPONSE TO MR. THOMAS J. BOURASSA’S REBUTTAL TESTIMONY.....	2
Rate Design.....	2

EXECUTIVE SUMMARY
ICR WATER USERS ASSOCIATION
DOCKET NO. W-02824A-07-0388

Rate Design

The Company's rebuttal testimony is in agreement with Staff's monthly minimums for each meter size. The Company's rebuttal testimony proposes three-tier break over points for 5/8 and 3/4 inch meters and two-tiers for all other meter sizes. The Company proposes different commodity rates than Staff's recommended commodity rates.

Staff's continues to recommend its tiers levels and commodity rates as per its direct testimony.

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is Charles R. Myhlhousen. I am a Public Utilities Analyst III employed by the Arizona Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same Charles R. Myhlhousen who filed direct testimony in this case?

A. Yes, I am.

Q. What is the purpose of your surrebuttal testimony in this proceeding?

A. The purpose of my surrebuttal testimony in this proceeding is to respond, on behalf of Staff, to the rebuttal testimony of ICR Water Users Association ("ICR" or "Company") witness, Mr. Thomas J. Bourassa regarding rate design.

Q. Did you attempt to address every issue the Company raised in its rebuttal testimony?

A. No. Staff limited its discussion to the specific issue as outlined below. Staff's lack of response to any issue in this proceeding should not be construed as agreement with the Company's position in its rebuttal testimony; rather where there is no response Staff relies on its original direct testimony.

Q. What issues will you address?

A. Staff will address the rate design issue outlined below that is discussed in the rebuttal testimony of the Company's witness, Mr. Bourassa.

1 **Q. Please explain how Staff's surrebuttal testimony is organized.**

2 A. Staff's surrebuttal testimony is generally organized to present the issue in the same
3 sequence as presented in Mr. Bourassa's rebuttal testimony.

4

5 **RESPONSE TO MR. THOMAS J. BOURASSA'S REBUTTAL TESTIMONY**

6 **Rate Design:**

7 **Q. Does Staff agree with the Company proposed rate design?**

8 A. No, while Staff's first tier rate is lower than the Company's present rate, the customer
9 monthly bill will increase because of a higher monthly minimum charge and the other tier
10 rates. No matter what usage level there is an increase in rate so that the message sent is
11 one of conservation. Staff's more volatile tier rates emphasize that higher usage causes
12 higher bills. Staff continues to recommend its rates as appropriate.

13

14 **Q. Does this conclude your surrebuttal testimony?**

15 A. Yes, it does.

BEFORE THE ARIZONA CORPORATION COMMISSION

MIKE GLEASON

Chairman

WILLIAM A. MUNDELL

Commissioner

JEFF HATCH-MILLER

Commissioner

KRISTIN K. MAYES

Commissioner

GARY PIERCE

Commissioner

IN THE MATTER OF THE APPLICATION OF)
ICR WATER USERS ASSOCIATION, AN)
ARIZONA CORPORATION, FOR)
DETERMINATION OF THE CURRENT FAIR)
VALUE OF ITS UTILITY PLANT AND)
PROPERTY AND FOR INCREASES IN ITS)
RATES AND CHARGES FOR UTILITY)
SERVICES)
_____)

DOCKET NO. W-02824A-07-0388

SURREBUTTAL

TESTIMONY

OF

JIAN W. LIU

UTILITIES ENGINEER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

DECEMBER 21, 2007

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
RESPONSE TO MR. ROBERT M. BUSCH’S REBUTTAL TESTIMONY	2
Arizona Department of Environmental Quality (“ADEQ”) Compliance	2
Water Use Data	2

EXECUTIVE SUMMARY
ICR WATER USERS ASSOCIATION
DOCKET NO. W-02824A-07-0388

1. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE

The Company's rebuttal testimony proposes a modification to Staff's recommendation. The Company proposes that it should file, as a compliance item, within one year of the decision date in this matter, documentation from ADEQ demonstrating that the Company is in compliance with ADEQ.

Staff continues to recommend that any increase in rates and charges approved in this proceeding shall not become effective until Staff receives notice that the ICR water systems are in total compliance with ADEQ regulations.

2. WATER USE DATA

Staff agrees that the Company's proposed information, which is consistent with Staff's original direct testimony, will satisfy the requirements. However, ICR should separate Inscription Canyon Ranch water system (PWS13-303) Water Use Data from Talking Rock Ranch water system (PWS13-263) Water Use Data.

1 **INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Jian W. Liu. My job title is Water/Wastewater Engineer. My place of
4 employment is the Arizona Corporation Commission ("Commission"), Utilities Division,
5 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Are you the same Jian W. Liu who filed Direct Testimony in this case?**

8 A. Yes, I am.
9

10 **Q. What is the purpose of your Surrebuttal Testimony in this proceeding?**

11 A. The purpose of my Surrebuttal Testimony in this proceeding is to respond, on behalf of
12 Staff, to the Rebuttal Testimony of ICR Water Users Association ("ICR" or "Company")
13 witness, Mr. Robert M. Busch regarding Arizona Department of Environmental Quality
14 ("ADEQ") compliance.
15

16 **Q. Did you attempt to address every issue the Company raised in its Rebuttal**
17 **Testimony?**

18 A. No. Staff limited its discussion to the specific issue as outlined below. Staff's lack of
19 response to any issue in this proceeding should not be construed as agreement with the
20 Company's position in its Rebuttal Testimony; rather where there is no response Staff
21 relies on its original direct testimony.

RESPONSE TO MR. ROBERT M. BUSCH'S REBUTTAL TESTIMONY

Arizona Department of Environmental Quality ("ADEQ") Compliance:

Q. Does Staff agree with the Company proposed a modification to Staff's recommendation?

A. No, the Company indicated that it took ADEQ six months to update the Company's Maximum Residual Disinfection Levels ("MRDLs") compliance status even though the Company submitted its MRDLs reports on two different occasions.

While there may have been instances where it has taken six months or longer for ADEQ to update a Company's compliance status it should be updated within weeks, not months under normal circumstances. If a company has a concern or is in need of expedited treatment, as would be the case for ICR if Staff recommendation is adopted, the company can request that ADEQ provide expedited processing. It has been Staff's experience that ADEQ will work to ensure that expedited treatment is provided.

It is important that ADEQ can confirm ICR's water systems are currently delivering water that meets the water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4. Therefore, Staff's original recommendation is reasonable and appropriate.

Water Use Data

Q. Does Staff agree that the Company's proposed water use data information, which is consistent with Staff's original Direct Testimony, will satisfy Staff's requirements?

A. Yes, however, ICR should separate Inscription Canyon Ranch water system (PWS13-303) Water Use Data from Talking Rock Ranch water system (PWS13-263) Water Use Data.

1 **Q. Does this conclude your surrebuttal testimony?**

2 **A. Yes, it does.**